

**GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:4002
ANSWERED ON:18.04.2002
VANISHING OF NON-BANKING COMPANIES
RAM SHAKAL;SUBODH ROY

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Government are aware that a number of companies had raised/ collected money from the common people through public deposit and thereafter vanished altogether;
- (b) if so, the names of such companies, State-wise;
- (c) the name of companies which are not paying the dividend to their shareholders during the last three years;
- (d) the manner in which the Government propose to safeguard the interest of the investors; and
- (e) the stringent action taken/ proposed to eliminate such companies?

Answer

THE MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS (SHRI ARUN JAITLEY)

- (a) : 229 companies are reported to have `vanished`, after mobilizing money from public through public offers.
- (b) : A list of such companies is enclosed as Annexure.
- (c): As per provision of Companies Act, 1956, it is not mandatory on the part of the companies to pay dividend to shareholders every year. Therefore, details are not maintained.
- (d) & (e) : A Monitoring & Coordination Committee, co-chaired by Chairman, SEBI & Secretary, Department of Company Affairs, has been set up to review, from time to time, action taken against these companies. Prosecutions have been filed against several of these companies for various violations under the Companies Act, 1956. The assistance of the police and State Government authorities is also being sought to trace out the companies and/ or promoters of such companies.